Porous borders and diamonds

Christian Dietrich

The myriad of impoverished diamond diggers toiling in Angola's informal mines are worlds apart from the sophisticated commerce of *diamantaires* in Antwerp, Mumbai, Tel Aviv and New York. Yet the diggers and a number of unscrupulous dealers are essential components within the smuggling continuum that sees Angola's illegal diamonds following diverse and irregular routes from mine to polishing centre.

Angolan gems are sometimes sold to licensed and illegal buyers in the Lunda diamond fields and sometimes the stones move across the country's borders before entering the illicit trade. The key to understanding this trade is a common search for profit. Just as a *garimpeiro*, or artisanal miner will not hawk his few diamonds on the streets of Antwerp, a Belgian *diamantaire* will not find it financially expedient to buy from individual diggers at Angola's informal mines. Diamond sales points or catchments provide an intersection where transactions occur and where middlemen facilitate the smuggling pipeline. Small-scale miners can only justify a certain expenditure when selling their diamonds, while first-level middlemen may have sufficient capital to amass large quantities of rough that they resell directly to Antwerp, or package in less significant parcels for resale to larger dealers within a specific financial radius. At each level within the diamond pyramid, with its apex in a place such as Antwerp, buyers mix and re-divide ever larger quantities of uncut stones as diamonds continue to move up in the hierarchy and are finally concentrated in the hands of a finite group of individuals.

Diamond smuggling routes in Angola are as diverse as the numerous informal diggings in the Lundas. *Garimpeiro* diggers working alone or under the control of armed patrons exploit Angola's artisanal diamond mining yet are almost never licensed to do so. The diamonds are then sold to a multitude of buyers, both licensed and illicit. Rough purchased by licensed buyers becomes legitimate Angolan production in the 'informal' sector (although mined illegally). Conversely, stones sold to unlicensed dealers operating in the diamond fields or in Luanda forms Angola's illicit diamond trade. *Garimpeiro* diggers, including *Forças Armadas Angolanas* (FAA) officers, selling rough outside Angola comprise an additional component of illicit production circumventing state administration. Lastly, diamonds mined by the *União Nacional para a Independência Total de Angola* (UNITA) forms another tier of illegal Angolan production and is the focus of this chapter.

UNITA's diamond export capacity depends upon interaction with foreign dealers as discussed in the previous chapter. Central rough stocks held by Savimbi can be sold to *diamantaires* whose couriers are sent directly to the rebels' Angolan airfields. UNITA can also transport its diamonds to procurement centres in the region (including Angola itself) where the rough is sold to buy or exchange for weapons or commodities. Moreover, small UNITA groups in the diamond fields mine for sustenance, selling rough to dealers operating in the vicinity of government towns or across Angola's borders. While gem sales by these peripheral rebel groups largely mimic the activities of *garimpeiros*, UNITA's organisational export capacity relies upon a more defined smuggling pipeline connecting Savimbi directly to international *diamantaires*. Unlike small bands of *garimpeiro* diggers that do not have access to the international diamond market, UNITA represents one of the world's largest diamond smuggling operations, attracting legitimate *diamantaires* and criminal elements alike. The link between the product and the buyer often occurs in Angola's regional neighbours, with the location depending upon both the mechanisms of UNITA's materiel imports and financial considerations affecting diamond purchasing agents.

This chapter will use country case studies to augment the analysis presented in the previous chapter by placing diamond smuggling within a regional and continental perspective. The laundering of UNITA diamonds in Central and Southern Africa is rarely supported by conclusive evidence. Using the statistics from Belgium's rough imports massive discrepancies are evident between domestic African production and diamond sales in the world's premier rough trading centre, Antwerp. However, as other diamond trading and polishing centres do not publicly release rough import statistics categorised by country of origin, Belgium's figures must be assessed in relation to political and military events in Angola's regional neighbours.

Country case studies

Table 1 displays Belgian rough diamond imports labelled as originating in Africa. Other countries hosting polishing and trading centres such as India and Israel absorb unknown quantities of African diamonds that cannot be assessed, since these import statistics are not categorised by country of origin. Switzerland is another major transit route where controls are often lax in the vicinity of 'free ports' with gems relabelled by country of provenance, or last activity.

Relying on the Belgian figures is also flawed because the origin of rough is often falsely declared. Belgium does not tax rough imports from Africa, encouraging sellers to declare the origins of their goods fraudulently to avoid import duties.[2] Smugglers operating in one African country may also declare their goods as originating in another not to raise suspicions regarding their operations. Conversely, dealers may launder UNITA rough into the legal diamond trade by obtaining legitimate diamond export documents from Angola's neighbours. Ironically, many of Belgium's rough imports are derived from African nations

Table 1: Belgian rough imports from Africa in 1999, ranked by carat value[1]

Country	Carats	US Dollars	US $/Carat
Senegal	49,79	63 360	1 272,54
South Africa	412 384,30	184 872 784	448,30
Guinea-Bissau	3 252,26	1 265 000	388,96
Tanzania	6 879,12	2 500 868	363,54
Lesotho	42 596,55	14 713 632	345,42
The Gambia	206 155,80	59 187 366	287,10
Republic of Guinea	553 564,10	126 530 949	228,58
Angola	2 539 375,00	548 238 581	215,90
Republic of Congo	71 871,80	14 639 641	203,69
Cameroon	30 556,44	6 141 735	201,00
Benin	1,77	349	197,18
Rwanda	2 500,83	439 347	175,68
Zambia	56,59	9 903	175,00
Sierra Leone	183 409,20	31 541 343	171,97
Liberia	1 752 901,00	298 913 372	170,52
Uganda	11 024,46	1 813 500	164,50
Namibia	359 367,80	48 312 756	134,44
Central African Republic	1 221 737,00	155 615 531	127,37
Côte d'Ivoire	509 109,50	52 384 987	102,90
Botswana	9,28	927	99,89
Mali	47 691,85	4 736 950	99,32
Togo	208 590,60	16 071 169	77,05
Ghana	614 599,20	34 544 347	56,21
Democratic Republic of Congo	23 403 869,00	758 751 974	32,42
Zimbabwe	59 565,61	1 529 732	25,68
Mauritius	242 554,30	5 622 799	23,18
Tunisia	383,18	637	1,66

with no domestic diamond production. While absolute conclusions cannot be drawn from Table 1 alone, the Belgian figures do raise suspicions and may serve as a guideline for smuggling activity in certain cases.

Angolan route

Belgium listed rough imports from Angola at 1 005 000 carats in 1997, 1 595 000 in 1998 and 2 539 000 in 1999.[3] The 1999 imports are valued at US $548 million[4] while Angolan government figures value exports from the formal and informal markets at only US $577 million (see the chapter on formal diamond mining), suggesting that Antwerp would have imported Angola's official production almost in its entirety. However, diamonds mined by the *Sociedade de Desenvolvimento Mineira* (SDM) and Catoca kimberlite projects accounted for nearly 1 700 000 carats in 1999, may not initially have passed through Antwerp. SDM's production was reportedly sent to De Beers under a licensing agreement that was terminated in 2000, while Catoca's production was supposed to be sent to Israel and Russia.[5] Accordingly, only about 500 000 carats from the formal sector may have been sold in Antwerp, which, added to the total production from the informal sector of 1 357 000 carats by the informal sector in 1999, might have come to less than 1 900 000 carats reaching Belgium. If correct, this could have left a surplus of over 600 000 carats, worth nearly US $140 million that may not be accounted for by Belgium's import figures. Even if the SDM production first passed through Antwerp, the surplus would still be about 500 000 carats. Since it is unlikely that rough dealers will fraudulently declare their goods as of Angolan origin in Belgium, the discrepancies listed above suggest the possibility of a large smuggling pipeline from Angola to Belgium. This assumption is further highlighted by Belgium's 59% increase in rough imports from Angola from 1998 to 1999, when Angola's legal diamond trade only increased by 16% over the same period, divided between 9% in the formal sector and 7% in the informal sector as discussed elsewhere.

The Belgian figures however only provide a brief glimpse of the enormity of diamond smuggling in Angola. Aside from UNITA's massive smuggling operations, smaller rebel bands and *garimpeiros* sell their goods across Angola's borders where the diamonds are incorporated into the domestic production of neighbouring states. Informal production in the Lundas also moves through government-controlled towns where licensed and illicit diamond buyers pay high prices for rough. As it is easier for buyers to access the Lundas on direct flights from Luanda than overland from the Democratic Republic of Congo (DRC), and *garimpeiros* sell a significant proportion of their diamonds for commodities, diamond smuggling through Luanda must not be underestimated. Illicit buyers in Luanda, as well as civilian or FAA elite involved in mining activities, then illegally export their diamonds to other countries. Syndicates operating in Luanda may send their stones directly to Antwerp, but may also utilise lower profile routes in the region or directly to other European countries or the Middle East.

These routes depend upon safe and expedient connections to the global diamond trade, such as through 'linkmen' operating front companies and laundering diamonds into Southern Africa, or through substantial contacts in major polishing centres worldwide. Money laundering operations in Luanda must be highly sophisticated while smaller crooks illegally mining diamonds or buying from *garimpeiros* will rely on less developed mechanisms. These smaller entrepreneurs cannot access outside diamond markets from Angola and instead send parcels out of the country with family members or business associates who have secured prior arrangements with diamond dealers.

Western routes

UNITA's primary allies in West Africa are Côte d'Ivoire, Burkina Faso and Togo, but the rebels' West African diamond export routes are shrouded in secrecy. The Fowler report cites several exchanges of diamonds between Savimbi and West African leaders, or between UNITA delegations and international diamond dealers. The Panel of Experts named Ouagadougou as "a particularly safe haven for transactions between UNITA and diamond dealers based in Antwerp."[6] According to the report, UNITA members were provided with protection by President Compaore's office.[7] Savimbi has a long-standing friendship and ties with President Compaore and the report mentions several payments to the president by Savimbi presumably in diamonds.[8] As for Togo, the Panel records UNITA General Bandua giving a parcel of diamonds to President Eyadema in Savimbi's presence.[9] Côte d'Ivoire is not mentioned in the report as a conduit for UNITA diamonds, but ranking UNITA members received passports from the country and Savimbi's children have been schooled in both Côte d'Ivoire and Togo. Diplomatic assistance to UNITA was the result of personal friendships between Savimbi and several West African presidents and also resulted in the constant use of these countries as transit points for the supply of material to UNITA.

Circumstantial evidence therefore suggests that UNITA uses diamonds to service friendships and generate cash to pay for weapons, or to secure commodity procurement routes through, or originating from West Africa. Diamonds probably also transit through these countries when UNITA members head for Europe. Rough imports to Belgium from Côte d'Ivoire cannot be solely attributed to UNITA gems as the country hosts its own domestic production and has a formidable trade in illicit Liberian and Sierra Leonean rough. According to Table 1, Belgium imported 509 109,5 carats from Côte d'Ivoire in 1999, worth US $52 384 987. While this is a substantial amount, it only comes US $102 per carat, less than half of the value of Angolan goods, although the volume increased by nearly 54% from 1998.[10] Belgium also imported 208 590,6 carats from Togo in 1999, worth US $16 071 169, at US $77 per carat, again a much lower value than Angolan rough, but a massive increase from 10 000 carats worth US $1,1 million in 1998.[11] Burkina Faso is not even listed as a source of rough imports to Belgium. This seriously incomplete picture provides little evidence of UNITA diamonds moving through West Africa despite the region's role as a strong support base for the rebels, making it difficult to substantiate further inferences.

Central routes

Central Africa is the centre of UNITA's 'diamonds-for-goods' exchange. The region also provides many bases through which smugglers can operate. Logically, commodities are obtained from Angola's closer neighbours because of the lower costs of transportation to UNITA headquarters. Differentiating between UNITA rough and that smuggled from other diamond producing countries in the region again makes Belgium's import records of little value in identifying UNITA rough. Without substantial empirical evidence, it is necessary to draw conclusions from themes and events in the region, namely the instability in the DRC and the Republic of Congo, and the support lent to UNITA by Rwanda and Uganda.

Democratic Republic of Congo (DRC)

The DRC plays an unknown role in the export of UNITA and other illicit rough from Angola. The DRC is the fifth largest world producer of diamonds by value at over US $600 million per year and the fourth largest by volume at 14 million carats.[12] The country's gems are spread over a massive area, but are primarily located in the south around Mbuji-Mayi where lower quality diamonds predominate, and Tshikapa where a higher proportion of gem quality alluvial diamonds have been washed north from Angola. Smaller diamond reserves are present near Kisangani in the east and Gbadolite in the north, both under rebel control. There is little order in the DRC's diamond sector and artisanal mining accounts for most of the official production by volume and value, with at least half of the diamond production smuggled out of the country. The complexities of the DRC's own diamond smuggling predicament thus demands more thorough research before a guideline of UNITA gem movements can be assembled. In fact, UNITA's diamond mining and trading in the southern DRC has integrated the Angolan rebels into the Congolese smuggling networks with UNITA accounting for a portion of the DRC's informal diamond output. Angola's northern neighbour has played a prominent role in UNITA's diamond export pipeline, but this historical role, while somewhat unaffected by Kabila's occupation of Kinshasa in 1997, has been reduced by more recent diamond sector reforms to combat smuggling and extend state administration.

Savimbi relied extensively on Kinshasa as a primary export route for his diamonds during the Cold War. This position was strengthened once UNITA took control of mines bordering the former Zaïre. This diamond export route also coincided with UNITA's main channel for the import of weapons and goods, reinforced by the existence of UNITA rear bases in southern Zaïre. Many of the large rough dealers associated with Mobutu also dealt with Savimbi's diamonds during UNITA's industrial mining operations, creating a diamond synergy between the rebel leader and the Congolese dictator. Numerous diamond buying houses operating in southern Zaïre also dealt with large quantities of illicit Angolan diamonds from non-UNITA sources. Southern Zaïre served as a primary catchment area for Angolan rough during the 1992 prospecting explosion, a prominence that was maintained until the late 1990s, especially with *garimpeiros* returning from Angola to sell their gems. The former Zaïre was a relatively safe location for purchasing UNITA's diamonds due to the proximity of the rebels occupying large portions of the Lundas.

When Kabila replaced Mobutu in May 1997, UNITA lost a considerable supply route for the import of weapons. It could be surmised that the diamond flow from UNITA to the new DRC would also have ceased. However, after an initial hiatus, a new order illicit entrepreneurs in Kinshasa sought profits from UNITA's diamonds. Many of the old smuggling networks remained in place and, while it may have been more difficult for UNITA to obtain arms from Kinshasa, the import of commodities and export of diamonds were largely unaffected. Advantageous access to Angola's illicit diamond market by *diamantaires* based in the DRC, however, altered drastically after 1998 when official exports declined and smuggling became less visible.

The diamond and gold buying agency, *Service d'achat des substances minerals precieuses*, was established in September 1998 to act as the state's purchasing agent for diamonds and gold. Diamond dealers were supposed to buy through the agency's offices in the mining towns and Kinshasa in an effort to reduce smuggling and bring revenue to the central government. This initiative was never fully implemented and was suspended in October, but indicated Kabila's future designs for the diamond sector.

In January 1999 the Ministry of Mines cancelled all diamond purchasing permits. All foreigners were ordered to vacate the mining areas, including Mbuji-Mayi and Tshikapa, moving formal diamond trading to Kinshasa for tighter control. Only Congolese were allowed to reapply for purchasing permits with diamond sales routed through the central bourse and paid for in Congolese francs. With foreign currency transactions for diamonds annulled in January, foreigners were ordered to deposit foreign exchange in banks for which they received an equivalent sum in devaluing Congolese francs. Diamond purchasing could only occur through the central bourse in Kinshasa, which levied a membership fee of US $3 million, and was run by Israeli Rami Golan who had been expelled from Mobutu's Zaïre in 1994 for alleged embezzlements from the central bank's directorate of precious minerals.[13] It was hoped that this central bourse would bring order to the diamond trade that accounted for most of the Kabila government's foreign exchange earnings, with the money ostensibly billed to finance the war effort. Diamond sales, however, declined by over one-third in 1999, with the largest drop registered at the beginning of the year due to apprehension of and aversion to the new government regulations. Diamond diggers and traders again moved their trade into the DRC's well-established illicit diamond economy. The decline in government revenue has continued during the first half of 2000, again leading Kabila to restructure the country's diamond market by awarding a monopoly to IDI Diamonds of Israel.[14]

Dealers not wishing to participate in the expensive reorganisation of the diamond trade simply departed, especially when Zimbabwean troops attempted to corner the diamond market in Mbuji-Mayi with the help of Kabila's cronies.[15] As a result, the movement of UNITA rough to the DRC may have been restricted once numerous buying houses were forced to close operations in towns such as Tshikapa close to Lunda Norte. This change would have increased the movement of UNITA diamonds to other laundering points such as Zambia and Rwanda as purchasing agents relocated. It was even reported by one Antwerp-based *diamantaire* that Congolese stones had begun moving to Angola's strong local market in the Lundas. On the contrary, a Luanda-based buyer maintained that UNITA diamonds move unhindered into border towns where commodities are procured, referencing a town referred to locally as 'Bacho'. This specific operation occured in early 2000, with a partnership between a powerful Luanda businessman and a direct relative of President Kabila who sought to purchase the rebel diamonds crossing from Lunda Norte to DRC's Kasai Occidental province. While similar examples of UNITA selling gems to procure commodities in the southern DRC probably abound, the departure or low profile of buying operations in towns such as Tshikapa suggests that there is a limit to the volume of rough that UNITA can profitably sell. However, UNITA maintains rear bases in the southern DRC that are integrated into the informal economy, making gem sales possible through *diamantaires* associated with the Kinshasa regime.

DRC's official diamond exports were reportedly estimated at about US $375 million in 1999 by the *Comptoire national d'expertise*, but nearly US $450 million by an official from the Department of Mines and Geology.[16] Conversely, Belgium's rough imports were US $758 million, leaving a discrepancy of at least US $300. It further seems odd that, while DRC's official output declined from 1998 to 1999, Belgium's listed rough imports from the country increased by more than US $140 million from the 1998 figure of US $613 million. Such evidence is far from conclusive and simply suggests illicit diamond trading. However, when these discrepancies are seen together with the trade in Kisangani, influenced by Rwanda and Uganda in 1999, the reported sale of rough by rebels in the northern DRC to the Central African Republic, and the diamond prospecting/purchasing by the Zimbabwe Defence Force in Mbuji-Mayi, a larger picture emerges of the massive hidden diamond trade.

Republic of Congo

Between the fall of Mobutu in May and the defeat of Lissouba in October 1997, UNITA utilised the Republic of Congo extensively for commodity and arms imports. Brazzaville and Pointe Noire were staging points for UNITA's arms procurement, although the ousting of Lissouba (with the assistance of the FAA) curtailed such activities. Unfortunately, little is known about diamond smuggling routes. It is likely that the Republic of Congo was marginalised in terms of diamond smuggling in late 1997 with the militia battles between Lissouba and Sassou-Nguesso. Turmoil in Brazzaville and Sassou-Nguesso's cool relationship with Israelis and Belgians in 1998 and 1999 largely curtailed diamond laundering by international purchasing operations. In short, diamond smugglers dealing with UNITA no longer found Congo-Brazzaville a secure or economical base for operations and thus moved to other countries. Smuggling from Kinshasa to Brazzaville still occurs, but evidence of Brazzaville's reduced role as a transit point for diamonds is seen in Belgian's import statistics. Despite the fact that Congo-Brazzaville does not mine diamonds, the country was listed as supplying 7 572 000 carats valued at US $612 560 000 to Belgium in 1996; and 3 786 000 carats valued at US $456 410 000 in 1997.[17] Political turmoil impacted on this smuggling route and, during the first half of 1998, "Congo Brazzaville vanished from Antwerp's list of chief suppliers for the first time."[18] By 1999, Belgium only imported 72 000 carats valued at US $15 000 000, or US $203 per carat, according to Table 1. The current reduced trade suggests that, while Angolan rough, listed at US $215 per carat in the Belgian statistics, may still move through Brazzaville, this route is not particularly significant.[19]

Rwanda / Uganda

Rwanda and Uganda are involved with UNITA diamonds in as much as they are involved in the DRC. The Angolan government is militarily supporting Kabila whom both Rwanda and Uganda are attempting to overthrow. UNITA has secured major transport routes for the procurement of arms and commodities from these two armies, which support a series of rebel factions opposing Kabila in the eastern and northern DRC. As a result, UNITA uses its rough to buy goods and, to a lesser extent, favours in Kampala and Kigali. As mentioned earlier, UNITA's alliance with Rwanda, initiated during Kigali's deployment of troops to topple Kabila in 1998, revolves around mutually beneficial strategies, making the friendship less one-sided than is the case with Savimbi's West African allies. UNITA members have, at least in Kigali, a fairly free reign where they broker diamond, commodity and arms deals. Relations between UNITA and Kampala appear to have cooled somewhat, although this would not preclude diamonds from travelling through Uganda.

Evidence suggests that individuals within the Ugandan and Rwandan armies dealt with diamonds in Kisangani when they controlled the city in 1999. This activity may have entailed diamond purchasing by individual officers but most likely only revolved around the collection of licensing or protection fees from diamond dealers. The extent of these activities is not fully known and may have represented institutionalised entrepreneurialism or simple moonlighting by officers.[20] In any event, Kampala and Kigali were more interested in the DRC's gold deposits than in the fluctuating informal and illicit diamond trade.

At least one diamond company with previous experience in buying from UNITA reportedly moved into the Kisangani rough market in 1998, but it is not known whether this provides a link between the war diamonds of Angola and the DRC. Circumstantial evidence also suggests that one Belgian buying company formerly operating in Angola's informal diamond market maintains contacts or couriers in Kigali, augmented by an agent in Bangui presumably to buy from Jean-Pierre Bemba in Gbadolite. Most diamond traders have kept a low profile in Kisangani, Kigali and Kampala, however, preferring not to expose their deals with Congolese rebels. It is further not known how the diamond market works in Kisangani with the *Rassemblement congolais pour la démocratie* (RCD) rebels reportedly issuing only a single license for the town.[21] The diamond market in Kisangani gives little indication of UNITA diamonds passing through Kigali and Kampala, as it would not be cost-effective for Savimbi's gems first to move through the eastern DRC. The Kisangani trade, however, provides a backdrop for assumptions concerning the sale of UNITA rough in Rwanda and Uganda that have no domestic diamond production.

In 1998, Belgian diamond imports from Uganda were 11 303 carats, valued at US $1,44 million, or US $127 per carat, with 8 500 carats to the value of US $1,1 million imported in December alone.[22] Belgium only began importing from Rwanda in December 1998, receiving 166 carats, valued at US $16 606, or US $100 per carat (suspiciously well-rounded figures).[23] According to Table 1, Belgian imports from Uganda in 1999 were 11 024,46 carats, valued at US $1 813 500, or US $164 per carat; and 2 500,83 carats, for the value of US $439 347, or US $175 per carat from Rwanda. The high value per carat of imports from Uganda and Rwanda suggests a considerable contamination of Angolan rough, most likely from UNITA, since DRC rough diamonds are of much lower carat value. The low quantity of rough arriving in Belgium from Rwanda and Uganda suggests that the high quality rough is diverted to a diamond centre such as Israel. Since it is safe to assume that UNITA diamonds *are* sold to dealers in Kigali, and Kampala to a lesser extent, and that the Kisangani diamond trade alone is estimated at approximately US $35 million annually,[24] compared to the meagre US $2,25 million imported into Belgium from Rwanda and Uganda in 1999, gems transiting these two countries from Kisangani and UNITA must be arriving in another trading or cutting centre, or are declared as DRC diamonds upon entering Belgium.

Central African Republic (CAR)

CAR plays an unknown role in the laundering of UNITA rough. Circumstantial evidence suggests that UNITA diamonds do, in fact, move into Bangui's output, but it is practically impossible to ascertain the quantity. The country's own smuggling problem makes empirical evidence of UNITA gems non-existent. CAR opened a rough diamond bourse in early 1998, but closed it only a few months later due to political uncertainty. While the bourse was reopened in mid-1999, the level of trading through it was minor, and it was again closed shortly thereafter. Indeed, the government cites official export figures of just over 400 000 carats in 1998, but also claims that a similar quantity is smuggled out of the country. The bourse handled only 2 500 carats in 1998, valued at US $136 000, "but most trading takes place outside the exchange between individual buyers and sellers" due to high government taxes.[25]

Considerable differences in CAR's estimated production make the country's own output difficult to quantify. For example, a table reproduced by Partnership Africa Canada estimates that 400 000 carats were produced in 1997 and 330 000 carats in 1998[26] while Terraconsult estimates production at 550 000 carats for 1998[27]; the former probably does not account for smuggling, while the latter most likely does. If CAR officially exports about 450 000 carats per annum, worth US $84 million,[28] and Belgium imported 1 221 737 carats to the value of US $155 615 531 from CAR in 1999 (see Table 1), a gap of over 700 000 carats is evident.[29] This sizeable discrepancy could represent the false declaration of rough arriving in Belgium, or could represent the illicit diamond market in Bangui, possibly bolstered by diamonds arriving from the DRC's illicit trade, or from rebel leader Jean-Pierre Bemba's mines in Gbadolite. [30] The gap could also suggest considerable laundering of UNITA diamonds, or any other illicit Angolan rough by international traders using Bangui.

There is no formal control over the CAR diamond industry, making illicit transactions possible. It has been alleged by *Africa Analysis* that "Angolan diamonds are traded at the regular official gem auctions [in CAR], subject to no control on their origin and with the full knowledge of the Central African Republic authorities … [The auctions] are open to diamonds from any source and regularly attract shipments from not only Angola but also Niger and Congo-K[insasha]. Sellers of Angolan stones often arrive on flights from Brazzaville and Libreville."[31] Such Angolan stones, however, could have been mined by UNITA or *garimpeiros* and exported illegally from anywhere in Angola, but most probably north through the DRC or directly from Luanda. With CAR's relatively high quality stones, often valued higher than US $150 per carat, rough smuggled from Angola can easily be mixed into the trade, especially with CAR's massive informal market of alluvial diggers, operating alone or in the employ of mining houses, and selling their diamonds in Bangui.

CAR's formal diamond market is tightly controlled with only a handful of licensed buying or mining houses. Control, however, is not synonymous with transparency. It is essentially a closed market where a license for rough dealing costs US $200 000 and competition is excluded. Without contacts parcels close to 1 000 carats are rare according to 'Dominique', a diamond dealer and honorary CAR official. Indeed, there are many powerful figures keen on maintaining secrecy in the Bangui trade. President Patasse is allegedly involved in diamond deals, as noted by a Central African diplomat in Pretoria as well as a foreign diamond dealer working in CAR. Illegal activity by licensed companies contaminates the entire rough market. Charles Massi, a former Minister of Mines and Energy, was dismissed in December 1997 and is "facing charges for allegedly assisting a diamond-dealing firm to evade tax." His successor, Joseph Agbo, was also dismissed over allegations that he "obstructed justice in a current case between the state and the Diamond Purchasing Office."[32] Smuggling and tax evasion by licensed companies became so rife that several local companies were brought to court in mid-1998, for example Sadior, Sodiam, La Couronne and Sacadior.[33] Pablo Dorado, the Spanish consul general was a director of La Couronne, and Vassos Anagnostellis, the Greek consul, was a director of Sodiam.[34] In the light of these illicit activities and the high level fingers in the diamond pie, anything is possible in the CAR diamond market, especially in terms of laundering Savimbi's or Bemba's rough.

Equatorial Guinea, Gabon and Cameroon

These three countries are grouped together because of the paucity of information on diamond smuggling. Gabon was supposed to have been mentioned in the Fowler report, but this section was deleted immediately prior to release. Evidence suggests that UNITA rough may be sold in Gabon. A diamond dealer previously involved with UNITA and then active in West Africa, cited a large auction of UNITA stones in Libreville in April 2000, attended mostly by Israelis. It has also been reported that President Bongo received rough from the Angolan government (see the chapter on the formal diamond sector). Equatorial Guinea and Cameroon play unknown roles in the laundering of UNITA diamonds. While Equatorial Guinea and Gabon are not listed in Table 1, Cameroon does feature at a meagre US $6 million with the diamonds valued at an average US $201 per carat, similar in value to diamonds originating in Angola and CAR. Due to the proximity of these countries to Angola, including UNITA-held territory, it is likely that they feature quite prominently in the laundering of illicit Angolan rough. Diamonds may be smuggled out of Angola along the country's border with DRC or through Luanda, with rough of various illicit Angolan origins again intersecting in neighbouring countries.

Southern routes

Several Southern African routes appear to have been used quite extensively for diamond smuggling while others only play a minor role. UNITA's regional commodity procurement has prompted much speculation over the movement of diamonds. Individual networks established to profit from dealing with UNITA have played a substantial role in buying rebel rough. Purchasing UNITA diamonds in Southern Africa is also facilitated by higher degrees of financial security in more stable states. Draconian diamond legislation in the region may make laundering rebel rough more difficult, but substantial informal diamond markets also enhance the infusion of illicit rough into local production.

Zambia

There is no direct evidence of large quantities of UNITA gems passing through Zambia. However, the country's historical alliance with UNITA and its substantial role in UNITA commodity procurement suggest the reverse movement of diamonds through Lusaka. UNITA members have a fairly free reign in Zambia, the country's diamond regulations are lax, and it is a safer business environment for *diamantaires* than many of its northern neighbours. Zambia forms an important juncture between Angola's south and eastern diamond producing areas and the DRC's southern informal diamond market, giving Zambian traders access to multiple sources of illicit diamonds.

Trading in UNITA rough hardly takes place along Zambia's shared border with Angola, but rather follows a more organised system whereby rebel diamonds barely intersect with Zambia's lower level illicit diamond trade. Parcels of over 100 carats are generally only found in the more organised upper tiers of the country's illicit diamond smuggling pipeline with the most substantial quantities presumably being sold through organised syndicates comprising Israelis, Lebanese or dealers of other nationalities. Planes will either take *diamantaires* to UNITA bases, or bring rough to Lusaka for sale. Therefore, Zambia most likely plays a dominant role in the transit or laundering of UNITA rough due to the country's proximity to UNITA bases and allegations that prominent Zambian officials are involved in the sale of materiel to the rebels. Zambia's increased role could have resulted from the closure of transhipment routes through Kinshasa and Brazzaville in 1997, the UN embargo of UNITA diamond sales in 1998, and increased output from mining operations in the Cuando Cunbango and Moxico province after the rebels lost Luzamba.

Unfortunately, these conclusions are not supported by Belgian import statistics, since only "only 14 593 carats worth [US] $23 500 were exported from Zambia to Belgium in 1998"[35] and an absurdly low 56,59 carats valued at US $9 903 in 1999 (see Table 1). Zambia hosts a moderate lower level illicit diamond market (see smuggling case study) comprising small quantities of lower quality diamonds with the larger smuggling operations much more carefully hidden. UNITA rough does not circulate in Lusaka, but is concentrated, instead, among a few individuals purchasing directly from the rebels, making Zambia appear insignificant in the laundering of rebel rough. Zambia may serve as one of UNITA's principal junctures with diamond buyers necessitating more complete research, especially given the country's insignificant role according to the Fowler report, and allegations that a Zambian intelligence chief travels to Antwerp and Tel Aviv up to three times per month.

Zimbabwe

Zimbabwe is not a major point of laundering UNITA diamonds. Unlike Rwanda and Uganda, Zimbabwe is supporting Kabila militarily, with the Zimbabwe Defence Force (ZDF), prominent politicians and Zimbabwean or expatriate entrepreneurs associated with both, playing a prominent role in diamond mining and rough purchasing ventures in Mbuji-Mayi. ZDF soldiers operate Osleg in a joint venture with Comiex, a company owned by Kabila's military heads. Osleg was established to buy rough in Mbuji-Mayi in order to ease the financial burden of ZDF deployment to the DRC although there have been allegations that the Zimbabweans are not succeeding in their diamond venture. Despite such rumours, ZDF members are likely to make unreported rough purchases, although the extent is merely speculation. According to Table 1, Belgian rough diamond imports from Zimbabwe in 1999 suggest the domination of lower quality Congolese stones. These imports are listed at 59 565,51 carats, valued at a meagre US $1 529 732, or US $25 per carat, marginally lower than DRC's average carat value of US $32. It is possible that higher quality stones are smuggled to Europe or sold elsewhere. Due to the geographic proximity of Mbuji-Mayi to Tshikapa, UNITA diamonds may have ended up in the strong informal market in Mbuji-Mayi. In all probability, the ZDF's foray into the diamond business has not incorporated much UNITA rough, but the Belgian import statistics do not reveal the true extent of diamond dealing conducted by Zimbabwean officers, the political elite and well-known entrepreneurs.

Zimbabwe may also serve as a transit point for illegal diamonds. For example, in May 1999, several Europeans and South Africans were arrested for smuggling diamonds to the Zimbabwe side of the Victoria Falls after allegedly landing in Livingstone, Zambia with illegal diamonds.[36] It is quite easy to smuggle substantial parcels into tourist areas, because the smuggler can easily blend in with large groups of foreigners who are usually not hassled by police. Furthermore, Zimbabwe's border posts do nothing to discourage smugglers. Presumably, any rough from Zambia that is not flown out directly to an overseas cutting centre is taken by road to South Africa, through Botswana, Namibia or Zimbabwe.

Botswana

Despite the naming of a Botswana-based supplier to UNITA by Peter Hain and the Fowler report, it is doubtful that rough buyers utilise Botswana to any great degree. The country's diamond regulations are draconian compared with other countries in the region and make such activity an unnecessary risk. Botswana is one of the world's major diamond producers, but unlike the DRC, Botswana's diamond output is centralised under De Beers and does not incorporate artisanal mining. Citing tight regulations does not deny the existence of an illicit diamond market in Botswana, but rather relegates the country to a minor role in the export of UNITA rough.

Namibia

Namibia is not a safe place to launder stones into the legal market due to its small and highly regulated domestic diamond industry. However, while Namibia may be an unsafe country for laundering smuggled rough, UNITA has relied quite extensively on commodity procurement from its southern neighbour, especially from towns in the Caprivi strip such as Katima Mulilo. Former South African Defence Force roads into southern Angola remain in use despite some attempts by the Namibian government to close the border. The town of Mucusso is four kilometres into Angola from the border with Namibia and has been a centre for trade involving diamonds. Three other UNITA-held towns involved in diamond transactions were Cuangar, Calai and Lucusse, all of which were overrun by the FAA in late 1999.[37] There is no doubt that UNITA smuggled its rough into Namibia to purchase commodities, with traders also selling materiel in UNITA towns along the border in exchange for diamonds. However, with FAA offensives along the Caprivi strip, including the capture of Jamba and heightened security measures, UNITA's commodity procurement through southern routes has been seriously curtailed, reducing the flow of diamonds. Belgian rough diamond imports from Namibia in 1999 do not reveal much (359 367,8 carats, valued at US $48 312 756, worth US $134 per carat) because several companies, such as the Namibia Minerals Corporation, are independent from De Beers and conduct their own marketing arrangements.

South Africa

An unknown quantity of UNITA and other illicit Angolan rough passes through South Africa. Historical alliances between the apartheid government and UNITA created many long-term business associations based upon the supply of commodities and exchange of rough diamonds. Many of the same networks and individuals still exist, leaving the trade in UNITA diamonds subject only to speculation. Furthermore, numerous South Africans own diamond mines and are experienced in gem identification and dealing. Diamond laws in South Africa may be draconian at face value, but their implementation is relatively lax. South Africa's massive diamond industry is dominated by De Beers, but several other major producers, as well as a myriad of smaller mine operators and single diggers make it impossible to estimate the number of UNITA gems moving through the country. High prices paid at the diamond markets in the Free State suggest, however, that a significant number of illicit diamonds are sold in South Africa, many of which have been stolen from South African mines.

South Africa's genuine diamond production is impossible to quantify, because De Beers withholds its production figures and the government does not release statistics for smaller mines (which may not even be officially collected). Terraconsult estimated the total South African production at 10 649 000 carats valued at US $1 058 035 000 in 1998. Of this production, approximately US $964 million was derived from the De Beers mines (as well as the Benguela concession) and US $94 million from other producers.[38]

The figures reappeared in 1999 in the Antwerp High Diamond Council (HRD) publication *Facets Magazine* under a section entitled 'Rough Diamond Supply 1998' with a few alterations in the figures, but citing approximately US $900 000 produced by De Beers mines and marketed through the Central Selling Organisation, and US $55 million marketed through Antwerp from Trans Hex, Southern Era, Rex and 'various'.[39] The 'various' production, presumably comprising all other diamond producers in South Africa, totals 50 000 carats at US $8 750 000 (a calculation error in *Facets Magazine* puts the figure at US $3 500 000). The 'various' production is completely erroneous, large mining operations on farms in the Free State could not conceivably only produce 50 000 carats annually, not to mention the numerous smaller digging operations.

These 50 000 carats valued at US $8 750 000, plus 251 000 carats valued at $51 720 000 from mining companies were reportedly marketed in Antwerp in 1998, according to *Facets Magazine*. However, other HRD figures show 574 000 carats of rough to the value of US $155 million imported from South Africa in 1998, nearly US $100 million more than the previously mentioned estimates.[40] The carat value of the 1998 imports is thus US $270, but Belgium's rough import figures for 1999 in Table 1 cite 412 000 carats worth US $184 million, with a value per carat of US $448, thus showing a massive increase in value. Given the large domestic production not cited in *Facets Magazine*, inconsistencies in HRD publications and fluctuating carat values, South Africa's domestic production and rough exports to Antwerp remain questionable. Furthermore, given the large quantities of rough bought by Israelis at South Africa's diamond markets in Wolmaransstad and Schweizer-Reneke, among others, few if any conclusions can be made with regard to the laundering of UNITA diamonds, except that it probably occurs to a considerable extent. De Beers' estimated South African diamond production in 1999 at US $776 million under the category of "non-conflict"[41] might therefore be suspect.

Lesotho

The high number of aircraft registered in Maseru and associated with smuggling operations suggests that the country plays a larger role in the laundering of diamonds than assumed. Indeed, Lesotho produces diamonds domestically and has an informal diamond market from which many stones are smuggled to South Africa for sale in the nearby Free State. Ironically, Lesotho has not been mentioned in any reports involving the smuggling of UNITA diamonds. Possibly, the country warrants more attention than this. For example, the South African military intervention in Lesotho in 1998 discovered caches of weapons destined for unknown recipients. De Beers' figures list Lesotho's output in 1999 at only US $3 million,[42] but Belgium imported 42 596,55 carats, valued at US $14 713 632, or US $345 per carat in 1999. The high price of diamonds – closer to that of South Africa – imported into Belgium from Lesotho suggests that the rough is mined elsewhere. The elevated value could also indicate a contamination of Angolan rough. This conclusion is supported by an allegation that one of the diamond smugglers named in the Fowler report also operates partially out of Lesotho through a Swiss company.

Mozambique

Mozambique is not thought to play a substantial role in the transit of UNITA diamonds. Despite the country's Lucophone heritage and substantial links between Mozambican residents and Angolan citizens, a far easier method of legalising UNITA rough would be through South Africa or Portugal. Some diamonds are mined in northern Mozambique and several dealers hawk rough in the country, but the exact origin and quantity of these stones have not been verified.

Mauritius

Mauritius presumably does not play a role in the smuggling of UNITA rough at present. However, Mauritius boasts one of Africa's few domestic diamond cutting industries and has served as a substantial transit point for low quality rough diamonds in 1999. Belgium imported 242 000 carats from Mauritius in 1999 according to Table 1, valued at US $23 per carat, a 44% increase in volume from 1998.[43] The diamonds thus approximated the value of rough mined in the DRC, leading to suspicions that this was the actual origin. It can only be speculated that the diamonds were taken to Mauritius by traders operating in the DRC when Kabila reformed the diamond sector in early 1999. Furthermore, the volume of rough passing through Mauritius may have been substantially higher due to a significant diamond trade between Port Louis and Mumbai, but figures are not available.[44] While the domestic cutting industry only exported 23 686 carats of polished diamonds to Belgium in 1999, valued at US $20,6 million,[45] it is probable that such minor polishing centres could play a more substantial role in the laundering of conflict diamonds in future.

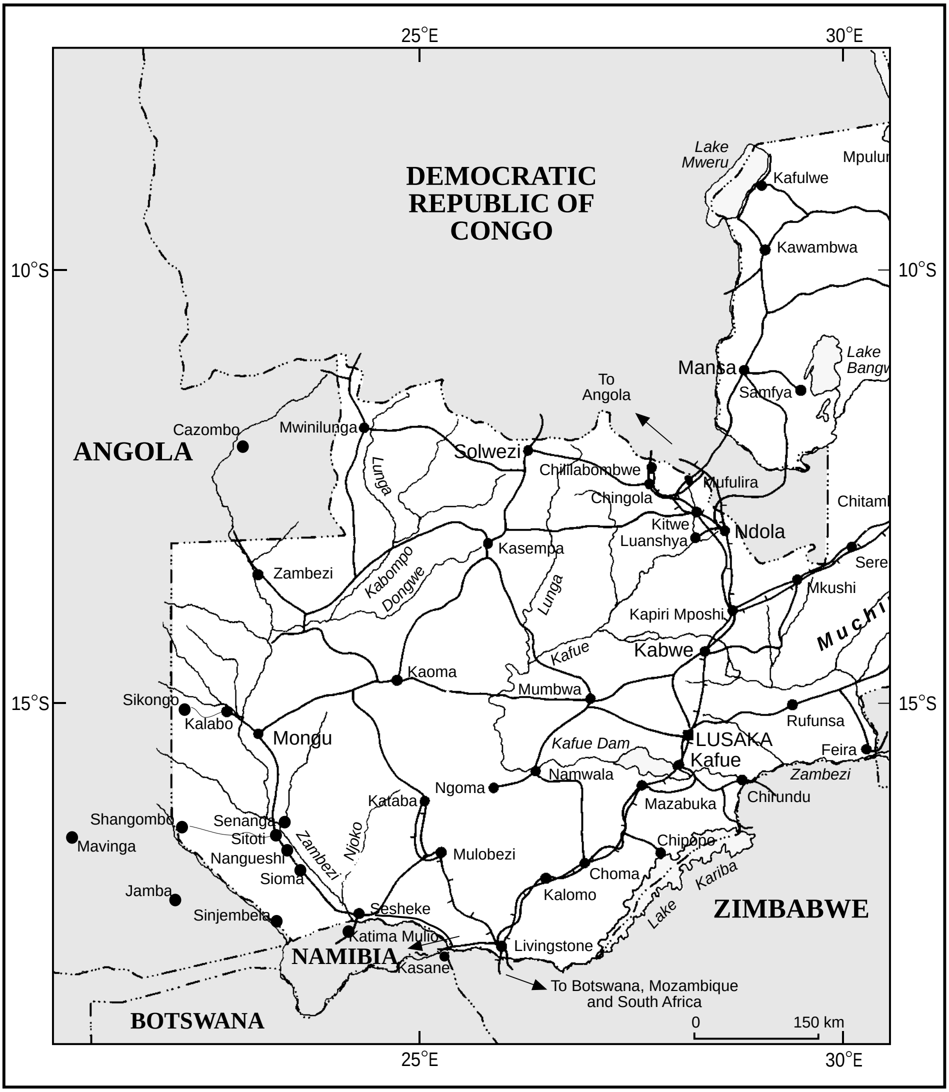
Smuggling case studies

Zambia

Of Angola's direct neighbours, it is the easiest to run a diamond smuggling operation in Zambia. The country is relatively developed, but corruption is endemic. It is close to major tourist attractions in Namibia and Zimbabwe, but is also nearby UNITA's diamond mining operations and smuggling routes in the southern DRC.[46] Diamonds are not mined in any recognisable quantity in Zambia, but the government issues diamond buying licenses. Furthermore, Zambia's Losi people share a common ethnic identity with UNITA supporters. The two main focal points for dealing in UNITA diamonds (besides Lusaka) are the Western Province and the Copperbelt. The former is across from Mavinga while the latter is closer to UNITA's operations in the Lundas. This section will look at the Western Province in detail.

The easiest method of smuggling is to start a legitimate corporation in Lusaka with a Zambian partner who then receives a gemstone-buying license (not exclud-

Detail of western Zambia



ing diamonds) from the Mines Development Department. The license is in the name of the Zambian director, but is transferable to other directors of the company. This entire process of legalising business activities takes no more than a few days and costs less than US $1 000. As no diamonds are mined in Zambia, the trade in diamonds is poorly regulated. Under Zambian law, a diamond can only be bought *by* a registered dealer *from* a registered dealer. In practice, licenses are not required and are useful only in dealing with government officials such as the police.[47] Procedures to export diamonds from Zambia are equally simple. The Geological Survey must value the parcel and a clearance certificate must be obtained from the Mines Development Department, with a copy sent to customs. Tariffs on diamond exports are low, but the process of returning to Lusaka and adhering to various bureaucratic delays make it easier for registered dealers to smuggle.

There are two basic types of smuggling operations in Zambia: the unorganised, consisting of small parcels with a few quality stones; and the organised consisting of large parcels with fewer industrial stones. Without a large investment in Zambian 'friends', the foreign dealer will struggle to locate larger parcels and may not even cover costs. The unorganised trade consists of Angolan *garimpeiros* or small UNITA bands hawking their diamonds at Zambia's informal markets, usually within fifty kilometres of Angola.[48] The organised trade consists of the supply of goods to UNITA by Zambian businesspersons and officials, in exchange for substantial parcels which are brought back directly to Lusaka. Another less visible tier of this second system consists of UNITA parcels being sold directly to international buyers in Lusaka, possibly on the second floor of the Intercontinental Hotel, as alleged by one Antwerp-based dealer. It is likely that this 'third trade' is augmented by rough arriving in Lusaka from the 'organised' trade controlled by powerful Zambian entrepreneurs, and also serves as the logical Zambian endpoint for the unorganised trade. Therefore, the method of smuggling depends on the smuggler. The third type demands a large capital base and substantial contacts, and is largely inaccessible to smaller smuggling operators. The second is primarily dominated by Zambians and cannot be initiated without their involvement, subsequently translated into an immediate overhead cost. The first type is the easiest as it takes relatively little capital, and expensive friendships do not need to be serviced.[49] However, the first tier of unorganised smuggling is sporadic and few decent stones remain in circulation at the various rough catchments for long. Within the span of a few profitable transactions, diamonds move up the smuggling chain and are eventually mixed with larger parcels.

Mongu is as good a point as any to purchase UNITA diamonds. Two dealers operating on the main road through the town centre usually have decent parcels of rough (mostly under 20 carats, with stones not exceeding 2 carats each). The proprietor of DH Supplies is a well-known diamond broker who can organise buying trips to Angola through Sikongo, with all the necessary paperwork supplied by Mongu's Customs office; the proprietor's associates can also supply heroin and ivory. Across the street at a general store, Mr K receives a steady supply of stones from a cousin living in Shangombo and formerly also from an East African UN employee working in Angola. Unfortunately, diamonds in Mongu do not last long because Lusaka-based buyers also compete for these sources. It is better business practice to arrange a trip into Angola to deal directly with UNITA with the assistance of one of Mongu's brokers,[50] or at least visit villages along the border.

Because transport to Sikongo is irregular and there is deep sand around Sinjembela near Namibia, the Western Province town of Shangombo is the most accessible border post with Angola. The road to Shangombo is ironically in very good condition, having been recently covered with compacted gravel. While Shangombo is just a rundown military outpost, the condition of the road can be explained by the substantial trade with a UNITA village across the border, suggesting a countermovement of diamonds to Zambia through this route.[51] Shangombo is quite inhospitable for the unconnected diamond dealer attempting to purchase from the first tier of trading. An unspecified quantity of rough passes through the Shangombo border, but this is destined for the second tier of smuggling, involving Zambian entrepreneurs and various strongmen. Smaller foreign traders pose a threat to this lucrative business of exchanging commodities or weapons for diamonds, because exposure could severely hinder such transactions. Therefore, the police in Shangombo actively discourage foreign smugglers, citing the fact that the town is unsafe and that diamonds are not mined there.[52]

A few smugglers from Botswana related that the Shangombo police helped them once they had paid the required bribe, but locating independent contacts was strictly forbidden. The only other patron for small diamond dealers was the former official in charge of the border station in Shangombo. Mr L would house smugglers in the courtyard of the border station, supplying chicken and local beer for a steep price. The border house is also a convenient office for business with UNITA soldiers who come across to Zambia in response to a letter sent by Mr L to a UNITA colonel.[53] Any attempt to recruit someone else to deliver the letter is rejected by the border station patron, who must also be present when diamond deals are conducted in the courtyard of the border station.

Foreigners who do not participate in the informal network of patrons in Shangombo are forced to leave the town, since competition or exposure would hurt the business conducted by or through officials based in the outpost. Unless substantial contacts are made with entrepreneurs in Mongu and permission is obtained from the provincial police headquarters (which is anyway impossible), the 'independent' smuggler is excluded in Shangombo. The outpost is not a first-tier diamond catchment area due to the police presence and the lack of an informal commodity market in the town. This means that there is nothing for *garimpeiros* or individual UNITA members to purchase without prior and substantial arrangement.

Diamonds can be located without a police presence about 40 km east of Shangombo in Nakutoma. Many Angolans prefer this town because of its unregulated nature and the absence of prying government officials. It is also a staging point for smugglers to organise barter exchanges of livestock for diamonds, and serves as a source of weapons from Angola for Zambian markets. This town was used by a Botswana buying team, although there was space for other traders at the time. Most southern towns towards Namibia's Caprivi Strip have neither informal markets nor diamonds. However, prospects in Sioma always seemed promising, despite the fact that the trade appears sporadic and unsubstantial. Katima Mulilo in Namibia seems to be quite a significant catchment area for diamonds smuggled out of Angola, since the town has a large grocery store and a diverse informal market. There is no possibility that the residents of Katima and surrounding subsistence farmers can justify the quantity of goods available, suggesting sales to Angolans. Moreover, it is widely rumoured that there is a Portuguese man who buys in Katima, as well as in the most southern Zambia-Angola border station at Sinjembela.

Senanga is only about 30 km to the north of Nangueshi. It is the largest diamond catchment area for stones moving north from Shangombo due to the town's large informal commodity market.[54] Senanga is also connected by motorised canoes to areas further north such as Sikongo. Thus, Senanga is likely to be one of the primary trading sites for the first tier of smuggling, serving as a focal point for rough brought by *garimpeiros*, small UNITA bands, or traders from villages closer to the Angola border. *Garimpeiros* and Zambian traders make the first or second barter or cash deal in a locality such as Senanga. If the trade progresses in value and quantity, by the third exchange, the diamonds will be in the hands of a Caprivi or Lusaka-based dealer.

South Africa

Diamond dealers carry significant amounts of cash with them and no country in the region is safer than South Africa. There have been cases of foreigners caught while attempting to buy illicit diamonds in South Africa, but the police are mostly concerned with rough stolen from South African mines.[55] Bringing diamonds in by car is a simple process, since tourists are almost never searched, and concealing diamonds in the contents of a vehicle makes the discovery of illicit gems highly unlikely. Smuggling diamonds straight from UNITA territory into the country by air is facilitated by the lack of aviation and customs controls in South Africa and the region.

Until recently, South Africa had about 30 designated airfields for international flights. Controls were lax and smuggling operations proliferated in the absence of state oversight. Revoking the international status of all but a handful of airports, however, has done little to curtail illicit activity or tighten control over the country's airspace or airfields, encouraging smugglers instead to reroute their paperwork through fictitious circuits. If the smuggler possesses a well-maintained aircraft, flying into UNITA-controlled areas is not dangerous. A smuggling operation will only be exposed if the aircraft develops a problem and is forced to land, making the illicit activity only as good as the plane. The last issue the diamond smuggler needs to worry about is contravening airspace laws and customs.

Primary radar is utilised only in a triangle of South Africa's most common aviation routes with the radar placed at Johannesburg, Bloemfontein, Cape Town, Port Elizabeth and Durban, notably not covering the country's borders. Primary radar is essentially a signal that bounces off the plane's fuselage, sending back a report of the plane's location to the controller and is used only in congested airspace such as the Terminal Control Areas (TCAs).[56] Primary radar covers a range of 60 nautical miles, making it easy to avoid by low-flying planes outside of the operational radius. Secondary radar enhances the capabilities of primary radar by sending out an interrogation that is picked up by the plane's transponder, sending back the aircraft's specific call sign, or 'squawk code', assigned by the controller. When the interrogation from secondary surveillance radar is not met by a transponder (which can be turned off), the aircraft does not originate a response. Without primary or secondary radar, a control tower must mathematically separate planes based on position reports given by individual aircraft. Such position reports can be withheld or falsified. For example, a plane could be 50 nautical miles at 180 degrees from Windhoek and call the tower to report that the aircraft is instead 50 nautical miles out at 090 degrees, without proof that this is not the case. A pilot could report to the controller that he is heading 032 degrees to position A and simply continue thereafter without talking to anybody. It must be remembered that controllers assist aircraft by maintaining sequencing and separation from the primary airport and are not employed to act as border police or customs officials. Furthermore, radar in Africa's less congested airspace serves only as a type of lighthouse, warning aircraft of crowded areas. Radar is meant to regulate the safety TCAs and not to identify rogue smugglers flying at low altitude. Since monitoring airspace in Africa is incomplete even for scheduled airlines, lax regulations and a lack of dialogue between air traffic controllers in neighbouring countries will do nothing to curb illicit activity. The only way to catch illicit flights is with military primary radar that has a range of 250 nautical miles. Unfortunately, this is not often utilised due to prohibitive operational expenses.

Smugglers using aircraft can manipulate any multitude of routes to gain access to and from Angola without being detected. Smugglers have two basic options: operate completely illegally, or file a flight plan.

The first option is to generate no paperwork and refrain from filing a flight plan. From a controlled airport such as Wonderboom (Pretoria) to an uncontrolled airport, a flight plan is not necessary. Upon departing the uncontrolled airfield, the plane flies at low altitude and crosses the border into Botswana. The primary radar at Gaborone will not pick up the flight and the plane can head north towards Angola. Refuelling can take place at Maun,[57] giving authorities false information with respect to origin and destination, or at any private farm with adequate facilities, a more likely scenario if aviation laws are being completely transgressed. The plane can then continue past the Caprivi Strip, which is monitored by Botswana air traffic control, and into Angola where the even greater lack of facilities necessitates broadcasting on frequency 126,9 (traffic information by aircraft). After buying diamonds in Angola, the plane can easily evade all radar in Botswana and return to South Africa without ever encountering customs, borders or police. This method is risky, only in the sense that any mechanical failures in flight that force an emergency landing would alert authorities of transgression.

The more likely scenario is to file a flight plan to Botswana where the plane can refuel in Maun, go through customs and say it is heading to a game park, private airstrip or even to Katima Mulilo. As there is no radar at Maun or Katima, the actual course set by the plane cannot be verified. The plane then proceeds across the Caprivi and into Angola. On return, the flight will again pass through Maun saying it originated locally, receive the appropriate documentation and return to South Africa. Once in South Africa, the plane can divert to any farm before landing at Lanseria (near Johannesburg), at which point the diamonds have already been discarded. This diversion is illegal, of course, but there are few methods to determine if a plane has actually diverted from its flight plan without adequate radar coverage. One simple diversion while maintaining a correct flight plan is to underestimate the plane's cruising speed to allow time for a quick landing. Moreover, the customs at Lanseria have not shown themselves to be capable of combating diamond smuggling.

Diamonds can be sold in South Africa through three main channels: selling to licensed dealers who are willing to buy illicitly; laundering rough into legal diamond mine output; or entering the stones directly through the South African Diamond Board.

While there are controls over diamond purchases and every transaction is supposed to be recorded, this is not a definitive control. It seems that those in the business view prosecution as the result of making enemies. Legally, every transaction must occur in an official purchasing office that has been inspected by the Diamond and Gold Branch of the South African Police Service. However, one former mine employee noted the varying nature of such standards. It can be expected that most deals are legal, but entering illegal Angolan diamonds into such a formalised system is simple for syndicates operating both legal and illicit operations. Selling rough to unlicensed buyers is also a simple matter if substantial prior arrangements have been made. The large number of diamond smuggling syndicates makes this an easy process, although possibly more dangerous since legal transgressions should be minimised.

Mining operations are rarely examined by government officials, making individual rough output unknown to the Diamond Board. Rough smuggled into the country can be given to a business associate who mines in the Free State and the diamonds can be declared as legitimate South African production. Larger smuggling operations could use multiple mining operations for more effective laundering. Once the Angolan rough is mixed with South African production and sold at any of the domestic diamond markets, the diamonds have entered the legal trade. It has been reported that in some cases 'miners' merely process topsoil to give the illusion of digging for diamonds without damaging their equipment, while receiving illicit rough that is laundered into the local diamond trade. Another method would be to obtain a license to re-treat former mine dumps and launder UNITA rough through this system. In any case, a business association between a miner and a rough buyer working with UNITA allows for the least risky option for laundering illegal diamonds.

Diamonds arriving in South Africa are also easy to launder through the offices of the Diamond Board. The simplest and most successful method is to abide by South African paperwork. When arriving at Johannesburg International in a private plane from country X, diamonds must be declared to customs which issue a 'detention' slip and an invoice. The customs agents are only concerned with documenting the name of the importer, the number of carats, total weight, value and the country from which the diamonds have been exported. A diamond courier service then delivers the rough to the Diamond Board. If a courier service is not used, the rough is detained at customs until the importer returns with the necessary paperwork from the Diamond Board.

The above scenario requires an export permit. However, should an official export permit not be obtained from country X, fraudulent permits are easy enough to forge. It is passable as long as it looks good and "didn't come from your underpants", according to a manager of a Johannesburg-based diamond courier service. Signing an affidavit with the police is a mistake, since it draws unnecessary attention to an importer's activities. The Diamond Board is similarly unconcerned with 'non-Angolan' stones. If diamonds are brought in from country X but arrive without an export permit, a source at the Diamond Board said that this is not a problem as long as the stones are 'not Angolan'. Obviously, Angola is an official bad word, but parcels without export permits are accepted, even if the stones are indeed Angolan but said to originate in another country such as the DRC. The diamonds are then valued at the Diamond Board and must be offered for sale to the South African diamond industry before export overseas, for which a temporary dealer's permit is issued. The Diamond Board charges US $50 for valuation and 'services' and the dealer must buy a temporary selling permit for US $100. The stones can only be sold through Diamond Board offices, for which daily rates are charged for viewing rooms.

Conclusion

Selling rough diamonds across Angola's borders is only advantageous for unlicensed diggers from the informal and illicit markets, including UNITA bands, if Angolan dealers do not operate close to the diggings. Artisanal diggers seek sources of cash or entrepreneurs willing to barter goods for diamonds, and will not travel more than necessary to do so. Villages along Angola's borders with Zambia and the Democratic Republic of Congo serve as one point for this exchange. Local chiefs barter goods for diamonds at favourable prices and resell the mixed diamonds to entrepreneurs who amass even larger parcels for resale to local trading centres, Kinshasa or Antwerp. Foreign diamond dealers recognised that rough prices increased with distance from Angola and operated rudimentary purchasing stations along the Angola/DRC border[58] before Kabila's diamond sector reforms.

The notion of diamond catchment sites across Angola's borders is not entirely applicable to UNITA's central diamond stocks. Peripheral UNITA groups are not connected to the international diamond trade, and while UNITA may occasionally use its stockpiles to barter for goods, the majority of UNITA's diamond production is sold to international dealers competing for the rebel rough, and paying standard prices. Savimbi's diamonds are not heavily discounted, requiring proper structures for exporting the gems. While these export routes involve the direct sale of diamonds to couriers at rebel bases in Angola, a wider regional export network is also used. UNITA's export mechanisms seem to mimic import routes used for commodity or arms procurement as both utilise safe but not always UNITA-friendly African states as the point of transaction. However, UNITA does not appear to be laundering its diamonds into the domestic output of neighbouring diamond producers. Rather, *diamantaires*, or their representatives, operating in Central and Southern Africa, perform the legitimising of Savimbi's diamonds. Moreover, the laundering of rebel rough can be performed in countries with no domestic diamond production, such as in Rwanda or Zambia, although legalising embargoed goods can also be facilitated through domestic diamond markets in countries such as the Central African Republic or South Africa. The use of Angola's neighbours by *diamantaires* depends more upon favourable access to the rebels and security of investments, rather than concerns of importing rough to Belgium or other trading centres.

After UNITA captured the Cuango valley in late 1992, as well as major portions of the eastern Lunda diamond fields in 1993, the rebels' output of rough increased massively. A primary point of sale was Mobutu's Zaïre where a multitude of buyers competed for UNITA's gem quality stones. Larger *diamantaires* also began buying directly from Luzamba at auctions, a process that began in earnest around 1995. When Kabila captured Kinshasa in early 1997, *diamantaires* appeared to have vacated the DRC temporarily, preferring to use Congo-Brazzaville as a point of gaining access to UNITA. However, the fall of Lissouba in late 1997, and the political and military turmoil in Brazzaville, drastically reduced the number of international diamond agents willing to do business in the country. The DRC again rose in prominence during 1998, but Kabila's diamond sector reforms at the beginning of 1999 drove many dealers out of the country as the price of conducting diamond deals in the country rose considerably. Zambia began playing a larger role as an import route for UNITA after the fall of Mobutu, with the sale of diamonds through Lusaka-based diamond dealers increasing from 1998. This largely mirrored the rebels' growing exploitation of diamond reserves in Cuando Cubango and Moxico provinces. The increased role played by Zambia in the diamond smuggling pipeline was concurrent with the transit of gems through Rwanda and Uganda. With Kigali tactically allied to Savimbi, diamond dealers gained another favourable access point to the rebels at the time of Kabila's domestic diamond reforms. Direct evidence does not implicate Rwanda as a major transit point for UNITA diamonds, but Kigali and Lusaka probably handle the largest magnitude of UNITA rough at present. *Diamantaires* have also gained access to UNITA diamonds through South Africa for nearly two decades, a trade that has continued despite the end of apartheid and supposedly greater control over South Africa's airports.

As UNITA relies on the highly mobile operations of diamond dealers working through a variety of neighbouring states, the closure of one route will not largely impact Savimbi's sale of diamonds. Indeed, massive diamond smuggling operations in Africa suggest that the isolation of UNITA's embargoed diamonds will be impossible, especially since rough can be polished on the continent where controls are often lax. Combating UNITA's diamond exports must rely on a holistic review of diamond mining and buying operations in Africa and not on sophomoric controls in overseas trading centres that assume a degree of order in the African diamond trade.

Endnotes

1 Statistics supplied by M Van Bockstael, High Diamond Council, Antwerp, April 2000.

2 This excuse has been used by Antwerp's High Diamond Council to suggest that Belgium's diamond industry has not consumed large numbers of dirty diamonds as the massive import figures for Liberia would suggest. Unfortunately, such an admission suggests that import procedures for diamonds entering Belgium are lax. If Russian rough is easily misrepresented as originating from Africa, one must wonder why a smuggler operating out of Zambia, for example, would not declare Central African Republic as the origin of the rough so as not to alert authorities to transgressions.

3 Antwerp High Diamond Council Statistics, *1998 Annual Report*, Antwerp, 1999, p 11.

4 Belgium's import figures are also listed at a higher US $588 million, citing official Antwerp High Diamond Council statistics. Economist Intelligence Unit, *Country Report Angola June 2000*. Economist Intelligence Unit Ltd, London, www.webspirs4.silverplatter.com, 29 June 2000.

5 While it is possible that some of Catoca's production was sold in Antwerp, this would seem an unlikely scenario since Lev Leviev, who markets Catoca's production, runs polishing factories in Israel and Russia, among others, but apparently not in Antwerp. Leviev reportedly sells what he cannot polish from Catoca's production, but the location of these sales is not known, or which country the rough first passes through. The lowest quality stones may pass through India's polishing factories, famous for their intake of marginal goods. One shipment of Catoca's output was made public when an Israeli resident in Luanda was arrested upon arrival at Windhoek's International Airport in October 1998 as she transferred to a South African bound flight. She possessed 122 321 carats of uncut diamonds and was reportedly her fifth trip as a courier for Catoca. She was reportedly delivering the diamonds to Israel, via Johannesburg, to Heart Diamonds, part of Lev Leviev Diamonds with proper Endiama paperwork.

6 *Report of the Panel of Experts on violations of the Security Council sanctions against UNITA*, Security Council Document S/2000/203 dated 10 March 2000, par 83.

7 Ibid, par 83.

8 Ibid, par 103.

9 Ibid, par 102.
10 Surprises in Antwerp, *Africa Energy and Mining*, 15 March 2000, Indigo Press.
11 Ibid.
12 Business Africa, *Economist Intelligence Unit*, February 1st-15th 1999, p 3.
13 F Misser, Congo stops foreigners dealing in diamonds, *Business Day*, Johannesburg, 22 January 1999.
14 Kabila awarded a monopoly on DR Congo's entire diamond production to the Israeli company IDI Diamonds, on 31 July 2000, hence again restructuring the country's diamond market. IDI, initially referred to as IDA Diamonds by the press, was awarded an 18 month contract to market DRC's diamonds with other companies, such as the Congo America Corporation, reportedly owned by Lazare Kaplan International, kicked out. Source: Kabila's Congo cancels diamond trade licenses, *Reuters News Service*, 19 August 2000; Israeli diamond dealer wins major DR Congo contract, *BBC Monitoring Service*, 19 August 2000.
15 Diamonds offered by members of the DR Congo embassy in Pretoria could be bought in Mbuji-Mayi at the end of 1999. One specific sale was comprised of 10 000 carats of unknown quality and involved flying from Lanseria, South Africa to Mbuji-Mayi without diversion through Kinshasa.
16 Surprises in Antwerp, op cit. The value of DR Congo exports estimated by the Comptoir National d'Expertise is cited as less than half the value of Belgian imports listed as originating from DR Congo, hence computed by the author to be approximately US $375 million, confirmed by other sources. S Lwanyi, DRC Perspective, paper presented at the *Technical Forum on Diamonds*, Kimberley, South Africa, 11–12 May 2000.
17 Antwerp High Diamond Council Statistics, *1997 Annual Report*, Antwerp, 1998, p 32.
18 Angolan and Congolese Boom, *Africa Energy and Mining*, 23 September 1998, Indigo Press, p 6.
19 The lack of illicit diamond movement through Brazzaville is further confirmed by a French dealer who noted that the Congo no longer plays as important a role in diamond smuggling.
20 See C Dietrich, The Commercialism of Military Deployment in Africa, *African Security Review*, vol 9 no 1, Institute for Security Studies, Pretoria, 2000.
21 As reported by a radio station controlled by the *Rassemblement congolais pour la démocratie*, reported by the Ugandan newspaper *New Vision* on 20 July 2000, and BBC Monitoring Africa.
22 F Misser, How Unita beats UN gems embargo, *African Business*, May 1999, pp 35–36.
23 Ibid.
24 A Coxon, The Diamond Pipeline, the Current and Future Regulatory Frameworks, paper presented at the *Technical Forum on Diamonds*, Kimberley, South Africa, 11–12 May 2000.
25 *Central African Republic Diamond Bourse Resumes*, Reuters News Service, 12 June 1999.
26 *1998 Annual Report*, United States Geological Survey, Mineral Industry Survey – Gemstones', p EE17. As cited in *The Heart of the Matter: Sierra Leone, Diamonds and Human Security*, Partnership Africa-Canada, 2000, p 16.
27 Terraconsult bvba, www.terraconsult.be/overview.html, 12 May 1999.
28 Central African Republic Diamond Bourse Reopens, op cit.
29 Belgium imported 800 000 carats from CAR in 1998, and 579 000 carats in 1997, still representing a considerable gap between the country's estimated production and

Belgian import statistics. Antwerp High Diamond Council Statistics, *1998 Annual Report*, Antwerp, 1999, p 11.

30 De Beers cites the only 'conflict diamonds' in DR Congo as originating from Kisingani, failing to mention diamond sales by the rebel leader Jean Pierre Bemba who mines in northern DR Congo. Coxon, The Diamond Pipeline, op cit.

31 Free-for-all at gem auctions, *Africa Analysis*, 3 September 1999, www.africaanalysis.com, 9 September 1999.

32 Two crack down on gem smuggling, *Africa Analysis*, 12 June 1998, p 12.

33 Ibid.

34 Consuls prosecuted for non-payment of fines in Centrafrican, *AFP Europe*, 15 November 1997, www. Dialog.com, 2 February 2000.

35 Misser, How Units beats UN gem embargo, op cit, pp 25–36.

36 Ten foreigners arrested with illegal diamonds in Zimbabwe, *Associated Press Worldstream*, 6 May 1999, www.newsline.dialogue.com, 24 November 1999.

37 Hunt for Savimbi intensifies as UNITA military capacity crumbles, Africa News Service, as taken from *Angola Peace Monitor*, 1 December 1999, www.library.northernlight.com, 10 December 1999.

38 Terraconsult bvba, www.terraconsult.be/overview.html, 12 May 1999.

39 L Rombouts, Antwerp, The World's Most Important Marketplace for Diamond Producers, *Antwerp Facets Magazine*, no 31 April 1999, pp 6–12.

40 Antwerp High Diamond Council Statistics, *1998 Annual Report*, Antwerp, 1999, p 11.

41 *Diamonds and Conflict*, Strategic Comments, International Institute for Stategic Studies, vol 6, May 2000.

42 Ibid.

43 Uncut Diamonds Mauritius re-exports to Antwerp, *Indian Ocean Newsletter*, 19 February 2000, no 892.

44 Ibid.

45 Ibid.

46 The only genuine impediment to crossing the border to Angola is nature: rivers (among which is the formidable Zambezi) and sand. Departing Zambia to SADC countries with diamonds is even simpler; known diamond dealers leaving through the better controlled border post in Katima Mulilo to Namibia are never inspected. Diamond dealers exiting at other border posts such as to Victoria Falls can blend in with tourists.

47 It is only necessary for the dealer to write his name and address on the receipt so that there is proof of purchase. When asked how the buyer would know if the information provided by the seller were accurate, an official at the Mines Development Department said that such a technicality was not the problem of the buyer. So, when buying a diamond, any falsification on the part of the seller is not the concern of the buyer, and apparently not the concern of the Mines Development Department. It is not known whether such procedures are similar for the purchase of commercially mined gems in Zambia. Furthermore, proper records of all deals should be maintained by the diamond dealer for tax purposes, but it is not known how vital these records are.

48 This unorganised trade often begins in a wide pattern with the stones going to any number of villages or small merchants in exchange for small commodities. Within one or two deals, the stones move to the larger buying operations and are centralised away from smaller illicit buyers. Thus, the stones either must be obtained at the

border in exchange for some goods or cash, or bought in the larger villages from the secondary dealers before they are bought by wealthy Zambians looking to resell the rough in Lusaka or export overseas.

49 The second tier can be relatively inexpensive if radios and clothes, or even a 4x4, are being delivered to UNITA. However, weapons such as rifles diverted from the Zambian Defence Force can be much more expensive and the trade is probably tightly controlled by wealthy businessmen.

50 It is also proper business practice to accompany any Zambian sent to barter on your behalf, so as not to lose your merchandise like a Russian buying team in 1998.

51 This assumption was reconfirmed by a maize trader who regularly transported his goods by lorry from Mongu to Shangombo, a town that bought more maize than people it could feed He would sell the maize to a Zambian family in Shangombo who had contacts on the Angola side.

52 This is where a registered company for import-export, entertainment and alcohol, as well as gemstones license, not excluding diamonds, is necessary, although the fact that the town is 'unsafe' due to UNITA rebels is a difficult deterrent to overcome regardless.

53 Note however that any attempt to actually travel across the border is heavily resisted by the border officials who profit only as arbitrators between the dealer and UNITA.

54 Senanga is connected by tarmac road to Mongu, making Senanga the last town where Zambian goods are available for sale, with towns south of the Sitoti ferry connected instead to Namibia.

55 The Diamond and Gold Branch has at most one hundred and fifty employees that must be split between diamonds, gold, platinum and other precious metals such as aluminium. Each detective works with no more than ten informants who receive 7% of the street value of a seizure, hence bolstering the Branch's information gathering capacity. This section of the police, by the admission of its employees, is geared principally toward combating diamond thefts at South African mines, which includes preventing the rough from exiting the country. International flight arrivals are only monitored if prior information is supplied. Thus, while the laws on bringing diamonds out of South Africa are more effective, entering the republic with an illegal parcel is a surprisingly simple process. According to one former member of the South African Police, it is about ninety percent possible to sell to an illegal buyer without getting caught. This ratio is also valid if you wish to sell stones without a license in any one of the rough markets such as Wolmaransstad. With adequate contacts in the diamond industry, chances of being caught are even further reduced.

56 The primary radar at Johannesburg International will not even locate a low flying plane over northern Pretoria, less than 50 nautical miles in distance.

57 One of five designated airports for international arrivals/departures including Francistown, Gaborone, Kasane and Selebwi-Phikwe.

58 One method of obtaining rough used by a Belgian dealer operating in Southern DR Congo was to accept diamonds for overnight storage in his safe, for which several thousand dollars was given to a *garimpeiro* or UNITA member. When the miner came to fetch his goods the next day, the Belgian would ask for his money back which the miner would have spent 'on the town'. Thus, the miner would have no option but to sell his rough to the Belgian.